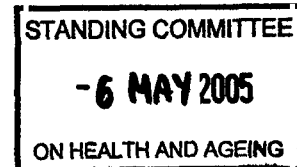


5 May 2005

SUBMISSION NO. 7

AUTHORISED: 11/05/05. 

Mr James Catchpole
Committee Secretary
Standing Committee on Health and Ageing
Parliament House
Canberra ACT 2600



Dear Mr Catchpole

Re: Commonwealth Parliamentary Inquiry into Health Funding

Thank you for giving the Royal College of Pathologists of Australasia (the College) the opportunity to make a submission to this Inquiry.

The College supports the Committee's objective to improve the efficiency and effectiveness of health care delivery, and considers that options for establishing a single funding source for pathology should be investigated as an integral component of this process.

Consideration of a single funding source for pathology in Australia was suggested in the College submission to the "Review of the Commonwealth Legislation Regarding Pathology" in June 2000. The concept of a single funding source was again raised during negotiations regarding the Pathology Manpower, Quality and Outlays Agreement signed in 2004.

A single funding source has been proposed on the basis of widespread concerns regarding cost shifting between the Federal and State Governments, which is contrary to the practice of good medicine, and other inequities in the current system such as lack of access for the public sector to a PEI. A fee for service model underpinned by economic analysis and recognition of the different cost implications for public and private sectors, is recommended. However the College would also welcome consideration of other models designed to engender equity and good practice.

It is of course crucial that any single source of funding make appropriate provision for teaching and research. It is also imperative that there be close consultation with stakeholders throughout the development of a funding model.

A number of College Fellows have indicated their support for a single pathology funding source, based on the following perceived benefits:

- The funding structure would be transparent and better pricing data would be available. Issues such as cross-border funding (for example, WA doing pathology for NT), and state funded research being a target for cost cutting, could be addressed.
- Reduced duplication and simplified pathways could result in efficiencies.
- There would be a reduction in barriers within the profession between the public and private sectors, enabling development of a better network of pathology colleagues.
- A bigger pool of similarly funded pathologists may result in better relief / on-call arrangements for those working in regional and remote areas, and there may be opportunities for rotation between different jobs.

It should be noted however that in addition to potential benefits, there are also significant potential risks inherent in the establishment of a single funding source. These must be defined and mechanisms put in place to obviate or mitigate them. For example:

- At a time of such severe shortages of Pathologists and scientists, a single funding source must not be used as a tool to cut funding to levels that would not be conducive to the practice of high quality pathology. There is an international crisis, and dissatisfaction could lead to further loss of key Pathology professionals.
- Increased commercialisation, whereby research and teaching came to be seen as cost centres could be a significant issue, particularly for the public sector. Funding would need to be provided directly for these activities.
- It must be acknowledged that current funding models at Commonwealth (via Medicare) and State levels are not the only revenue stream, and these sources must be recognised and sustained (for example, research funding).
- Care as to how funding is provided is required, as rivalries may arise between sub-disciplines if there is competition for funding.
- Rationalisation of laboratory services could result in problems with service to remote/regional centres.

The College would welcome the opportunity to discuss these ideas in more detail and looks forward to further consultation throughout the Inquiry into Health Funding and thereafter.

Yours sincerely



Dr Debra Graves
Chief Executive Officer